



Investment Office

P.O. Box 2749

Sacramento, CA 95812-2749

Telecommunications Device for the Deaf - (916) 795-3240

(916) 795-3400

December 13, 2010

AGENDA ITEM 6

TO: MEMBERS OF THE INVESTMENT COMMITTEE

- I. SUBJECT:** Contracts – Infrastructure Consultant Renewal
- II. PROGRAM:** CalPERS Total Fund
- III. RECOMMENDATION:** Approve Extension of Meketa Investment Group, Inc. as the Board's Infrastructure Consultant
- IV. ANALYSIS:**

Background

On December 14, 2009, Meketa Investment Group, Inc. (Meketa) was selected by the Investment Committee as the Board's Infrastructure Consultant based on their experience and skill in providing infrastructure investment advice to large institutional investors.

Following the selection of Meketa, staff prepared a renewable Letter of Engagement for a one-year term which is due to expire on January 25, 2011.

Since their engagement, Meketa has provided support to the Board and CalPERS Infrastructure Program (Program) as follows:

- Attended and contributed at select Investment Committee meetings;
- Conducted the first annual review of the Program and opined on the objectives, initiatives, and performance, as well as related progress;
- Reviewed and opined on the Interim Delegation Resolution for the Inflation-Linked Asset Class (ILAC);
- Contributed to recommendations for the Program and provided related educational information in preparation for the Asset Allocation Workshop;

- Reviewed all related due diligence and opined on staff's recommendation for a key investment;
- Reviewed and opined on the suitability of ILAC staff incentive compensation plans;
- Reviewed and opined on the process for Director Nomination; and
- Assisted in the transition of ILAC management responsibility and oversight from the Asset Allocation/ Risk Management Senior Investment Officer (SIO) to the Real Estate SIO.

Recommendation

Staff recommends the Investment Committee approve the extension of Meketa to act as the Board's Infrastructure Consultant. Staff will prepare a formal Letter of Engagement including the current scope of services (Attachment 1) effective January 26, 2011, through the term of the current contract under which they are engaged, March 1, 2012.

V. STRATEGIC PLAN:

This agenda item is in alignment with the following Enterprise Strategic Goals:

Goal VIII: Manage the risk and volatility of assets and liabilities to ensure sufficient funds are available, first to pay benefits, and second, to minimize and stabilize contributions.

Goal IX: Achieve long-term, risk-adjusted returns.

VI. RESULTS/COSTS:

The annual cost for this engagement is \$106,250. To renew for the recommended 14-month term, the cost will be \$123,958.

KAREN VAN AMERONGEN
Contracts Manager
Policy and Business Support

RANDALL MULLAN
Senior Portfolio Manager
Inflation-Linked Asset Class

KAMI NIEBANK, Chief
Policy and Business Support

JANINE GUILLOT
Chief Operating Investment Officer

JOSEPH A. DEAR
Chief Investment Officer